



MAY 30 2003

Mr. Bob Sharpe
Deputy Secretary for Medicaid
Florida Agency for Health Care Administration
2727 Mahan Drive
Mail Stop #20
Tallahassee, FL 32308

Dear Mr. Sharpe:

We are pleased to inform you of our approval of the State's December 23, 2002, request to amend your Medicaid section 1115 Cash and Counseling demonstration titled "Consumer Directed Care." Your project number will continue to be 11-W-00117/4, as approved on October 9, 1998. The Consumer Directed Care demonstration amendment is approved as of the date of this letter through February 28, 2008. This approval is given under authority of section 1115(a) of the Social Security Act (the Act).

The State requested to eliminate the "control/treatment" group design of the demonstration and offer the demonstration statewide to eligible Medicaid recipients. This approval will permit Florida to provide a cash allowance to all Consumer Directed Care participants and qualified Medicaid eligibles in the State. The Centers for Medicare & Medicaid Services (CMS) supports this amendment because it promotes the objectives of the Medicaid program and the President's New Freedom Initiative. However, CMS has identified areas of quality improvement that we will work on with the State to ensure continued successful operation of the Consumer Directed Care demonstration. CMS has amended your original Special Terms and Conditions (STCs) of Approval to address these specific programmatic areas. The amended STCs of Approval establish the following additional requirements:

- enhanced reporting requirements;
- enhanced budget neutrality requirements; and
- development of an "Infrastructure Redesign" plan.

We commend you for your interest in expanding this benefit to all current and prospective demonstration eligibles. Florida is one of the states that has pioneered the philosophy of family and self-direction. This amendment to offer the provision of community-based and long-term supports and services to a larger population of individuals needing assistance with activities of daily living continues to show your commitment in this effort.

Our approval of the Consumer Directed Care Cash and Counseling Demonstration (and the Federal matching authority provided for thereunder) is contingent upon the State's agreement to the enclosed STCs of Approval. The STCs of Approval also set forth in detail the nature, character, and extent of Federal involvement in this project. Implementation approval is contingent upon the State submitting a draft Operational Protocol that reflects all program amendments and a satisfactory CMS onsite readiness review. This award is subject to our receiving your written acceptance of the award within 30 days of the date of this letter.

All requirements of the Medicaid program expressed in law, regulation, and policy statement, not expressly waived or identified as not applicable to this letter, shall apply to the Cash and Counseling Demonstration amendment. Subject to approval of your revised Operational Protocol, as described in the STCs of Approval, the following waivers, granted for your original approval, are applicable to the amendment pursuant to the authority of section 1115(a)(1) until February 28, 2008.

1. Statewideness 1902(a)(1)

To enable the State to operate the demonstration within an area which does not include all political subdivisions of the State.

2. Comparability 1902(a)(10)(B)

To permit the provision of services under the demonstration that will not otherwise be available under the State plan. Benefits (i.e., amount, duration, and scope) may vary by individual based on assessed need.

3. Income and Resource Rule 1902(a)(10)(C)(I)

To permit the exclusion of payments received under the Cash and Counseling Demonstration from the income and resource limits established under state and Federal law for Medicaid eligibility. Recipients will also be permitted to accumulate cash in a separate account for special (approved) purchases.

4. Provider Agreements 1902(a)(27)

To permit the provision of care by individuals who have not executed a Provider Agreement with the State Medicaid agency.

5. Direct Payments to Providers 1902(a)(32)

To permit payments to be made directly to beneficiaries or their representatives.

6. Payment Review 1902(a)(37)(B)

To the extent that prepayment review may not be available for disbursements by individual beneficiaries to their caregivers/providers.

Under the authority of section 1115(a)(2) of the Act, expenditures made by the State of Florida under the Cash and Counseling Demonstration for the items identified below (which are not otherwise included as expenditures under section 1903) shall, for the period of this project, be regarded as expenditures under the State's title XIX plan.

1. Expenditures to employ members of a recipient's family as caregivers.
2. Expenditures to provide services not included as optional State plan services under title XIX; i.e., to provide for counseling and fiscal intermediary services as a part of the demonstration design.
3. Expenditures regarding payment for the provision of services to recipients. Specifically, payment will be provided to recipients prior to the delivery of service.

Your project officer is Tonya Moore, who can be reached at (410) 786-0019, or at TMoore1@cms.hhs.gov. Communications regarding program matters and official correspondence concerning the project, should be submitted to the project officer at the following address:

Centers for Medicare & Medicaid Services
Center for Medicaid and State Operations
Mail Stop: S2-14-26
7500 Security Boulevard
Baltimore, Maryland 21244-1850

Communications regarding program matters should be submitted simultaneously to the CMS regional partner, Roberta Kelley, who can be reached at (404) 562-7461, by e-mail at Rkelley@cms.hhs.gov, or at the following address in the Atlanta regional office:

Centers for Medicare & Medicaid Services
Division of Medicaid and State Operations
61 Forsyth Street, SW., Suite 4T20
Atlanta, Georgia 30303-8909

Should you have questions regarding this correspondence, please contact Thomas Hamilton, Director, Disabled and Elderly Health Programs Group at (410) 786-9493. We extend our congratulations on this award and look forward to working with you during the course of the project.

Sincerely,

/s/

Thomas A. Scully

Enclosure